

# **Clark Fork River Basin Task Force**

**C/O Gerald Mueller  
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## **MEMORANDUM**

**Date:** September 28, 2006  
**To:** Clark Fork Task Force  
**From:** Gerald Mueller  
**RE:** DNRC-BOR Hungry Horse Meeting Report

### **Meeting Participants**

Representatives of the Department of Natural Resources and Conservation and the Bureau of Reclamation met on Monday, September 25. Mary Sexton led the meeting. Bill MacDonald, Director of BOR's Pacific Northwest Region out of Boise led the BOR personnel. I and the representative of the CS&KT and the Reserved Water Rights Compact Commission were invited to participate in the discussion. The list of meeting participants is attached below.

### **Meeting Agenda**

The meeting agenda included the following topics:

#### **State**

Background/State Interests

Water rights overview

House Joint Resolution 3

Water available for future growth

Mitigation water for junior uses

#### **BOR**

Hungry Horse Project Overview

Authorized purposes

Reservoir capacity - water availability

Water rights

Current operations

Contracting process

NEPA, ESA, ITA compliance activities

Revised cost allocation

Ability-to-pay study (irrigation only)

### **Next Steps**

### **Key Meeting Points**

Key points during the discussion included:

- The BOR does not see contracting with the state as a problem, but the "devil will be in the details."
- The state as the entity making the contract request must pay for BOR's contracting process.

- BOR estimates that finalizing a contract will take on the order of 2 to 3 years and \$2 to 3 million. State payment must be up front, but actual payments may be made quarterly.
- The first step in the process is a new allocation of the project costs. The current allocation is 70% to power generation and 30% to flood control. Flood control's allocation is born by the US tax payers. The new cost participants would be irrigation and municipal and industrial.
- The cost assigned to irrigation would be subject to irrigators' ability to pay, which is determined by a study. (Usually, irrigators are judged to have no or a small ability to pay.)
- The new cost allocation is subject to Congressional approval. (No action by the appropriate committee is deemed as approval.)
- The amount of the project construction cost remaining to be allocated is \$12 million.
- The state could contract for a block of water over the contract life, but would not pay for the water until it is used.

## **Next Steps**

Staff of DNRC and BOR will meet to discuss the details of the contracting process.

## **Discussion**

Please note that the following discussion is based on my ideas and interpretations and may not constitute DNRC's or BOR's views.

Water Uses - DNRC did not state the details of a contract request, i.e. the amount and timing of the water from Hungry Horse. BOR did not request these details at this meeting, but made it clear that the official contract request would need such information. For example, BOR would have to know for its repayment ability to pay study how much water would go to irrigators, including new irrigation and existing uses junior to the hydropower rights, and how much would go to municipal and industrial uses. Rich Moy told me that existing statutes limit the amount of water the state is authorized to market to 50,000 acre-feet. BOR agreed that the state could make a series of contracts for this amount. In other words, after the first 50,000 acre-feet was used, the state could contract for an additional 50,000.

Process Fee Sequence - The largest expense in the contracting process will be for the environmental impact study (EIS). It may be possible for the state to pay a relatively small amount to conduct the new cost allocation study before moving ahead with the EIS.

Legislative Appropriation - The legislature will have to appropriate the funds to pay the BOR to conduct the contracting process.

Amount of the Fee - Rich Moy apparently believes that to be credible the fee for a contract for only 50,000 acre-feet would have to be less than \$2-3 million.

**DNRC-BOR Hungry Horse Meeting Participants**  
**September 25, 2006**

Mike McLane	DNRC
Tim Bryggman	DRNC
Mary Sexton	DRNC
Bruce Measure	Montana Member, Northwest Power and Conservation Council
Rich Moy	DNRC
Steven Brawley	USBOR - Boise
Karl Wirkus	USBOR - Boise
Bill MacDonald	USBOR - Boise
Ryan Patterson	USBOR - Boise, water marketing
John Chaffin	Department of Interior - Solicitor's Office
Gail McGarry	USBOR - Boise, water rights
John Carter	Confederated Salish and Kootenai Tribes
Susan Cottingham	Montana Reserved Water Rights Commission
Gerald Mueller	Clark Fork Task Force